COMMISSIONERS

JEFF HATCH-MILLER - Chairman
WILLIAM A. MUNDELL
MARC SPITZER
MIKE GLEASON
KRISTIN K. MAYES



BRIAN C. McNEIL Executive Secretary

ARIZONA CORPORATION COMMISSION

February 14, 2005

To: All Interested Parties

Re: Preliminary Orders for Applications for New Certificates of Convenience & Necessity and Extensions of Existing Certificates of Convenience & Necessity (DOCKET NO. ACC-00000C-05-0037)

Dear Interested Parties:

In recent years, the Arizona Corporation Commission (Commission) has issued conditional Certificates of Convenience & Necessity (CC&Ns). Approval is contingent upon the applicant fulfilling specific conditions. If the applicant failed to meet those conditions, the CC&N would be voided automatically without further action by the Commission.

In many instances, the utility will begin serving customers in the certificated area in question without meeting one or more of the conditions. As a result, the utility is serving customers without a valid CC&N, thereby operating without the necessary permits and possibly endangering the public. In other instances, the applicant will request several extensions of time to comply with the conditions, saddling both itself and Commission Staff with unnecessary work.

In order to address these issues, the Commission is considering changing the method by which it grants CC&N applications, both new and extensions, by generally doing one of the following:

- 1. Continue issuing conditional approvals, but add language that would prevent the applicant from serving any customers in the CC&N area in question until all conditions had been fulfilled and the applicant had received a confirmation letter from the Commission's Utilities Division Compliance Section. If customers were served before receiving this letter, the applicant would be subject to Commission sanctions
- 2. Begin issuing Preliminary Orders pursuant to Arizona Revised Statutes § 40-282. A Preliminary Order would require the applicant to meet all conditions of the decision before actually being granted the CC&N. Once all conditions are fulfilled, the applicant would then request the Commission to issue the actual CC&N. This approach would amount to two-step approval process for a CC&N.

Page 2 All Interested Parties Preliminary Orders

In addition, the Commission is also considering allowing longer periods for compliance. This possible change could help alleviate the need for some applicants to request time extensions for complying with all conditions.

The purpose of this letter is to solicit your comments on these proposed ideas. Please submit any comments (an original and fifteen copies) you may have to Docket Control by March 31, 2005.

Thank you for your cooperation on this matter.

Sincerely,

Jeffrey Miller

Chairman

cc: Docket Control

Commissioner William A. Mundell

Commissioner Marc Spitzer

Commissioner Mike Gleason

Commissioner Kristin K. Mayes Brian McNeil, Executive Secretary

Lyn Farmer, Chief Administrative Law Judge

Ernest Johnson, Utilities Division Director

Chris Kempley, Chief Counsel